



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Increase the Purchasing Amount with Crayon Software Experts LLC for Microsoft Office 365 Licenses from \$277,620 by \$32,285 for a Total Contract Amount of \$309,905 to Cover the Cost of 75 Additional Licenses
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	4/20/2021
Staff Contact:	Mike Luu, 408-586-2706 and Chris Schroeder, 408- 586-3161
Recommendation:	Increase the purchasing amount for \$277,620.00 with Crayon Software Experts LLC by \$32,285 to cover cost of 75 additional Microsoft Office 365 licenses.

Background:

On January 15, 2019, Council approved a purchase with Crayon Software Experts LLC for three years in the not-to-exceed amount of \$277,620 for the purchase of 500 Microsoft 365 licenses. Microsoft Office 365 is an application hosted by Microsoft (SaaS or Software as a Service) that allows access on five devices per user license to the complete suite of Office programs including Outlook, Word, Excel, PowerPoint, and Access. It also includes other services such as SharePoint, Cloud storage, and Microsoft Teams. Users can access these applications from anywhere with an internet connection. These applications work together to allow staff to collaborate and access documents remotely.

Crayon Software Experts LLC was the lowest bidder through an Invitation for Bids (IFB) No. 2281 for 500 Microsoft 365 licenses. The bid was priced per year for each of the three years. Crayon Software Experts, LLC bid \$84,780.00 year one, \$96,420.00 year two, and \$96,420.00 for year three for a total purchase amount of \$277,620.00. Below is a table of the invoice history of the purchase.

Date	Invoice#	Amount	Description
2/14/2019	3014331	\$84,780.00	Year 1 Annuity Payment (qty 500 E3s)
8/30/2019	3019894	\$2,863.00	Qty 25 additional E3s
12/20/2019	3023684	\$818.00	Qty 25 additional E3s
2/25/2020	3025987	\$106,062.00	Year 2 Annuity Payment (qty 550 E3s)
3/6/2020	3026461	\$4,499.00	Qty 25 additional E3s
2/24/2021	3043116	\$110,883.00	Year 3 Annuity Payment (qty 575 E3s)

In 2019 staff purchased two additional batches of twenty-five licenses each for a total of \$3,618. The price of licenses is prorated based on the number of months remaining in the year. In 2020 the number of licenses had risen to 550 an increase of \$9,642 over the amount bid. Also, in 2020 staff purchased another batch of twenty-five licenses for the prorated amount of \$4,499. Each additional batch of licenses was authorized under the old Purchasing Municipal Code section I-2-3.11 Authority to Modify Contracts Awarded by City Council, which states "The Purchasing Agent is authorized to enter into and execute for and on behalf of the City, without the prior

approval of the City Council, any amendment or change order to a supply or general service contract previously approved by the Council within the following guidelines:

Contract Amount	Individual Change Order Authority	Cumulative Change Order Authority
Over \$50,000	10% of Award or \$10,000 whichever is less	15% of Award or \$20,000 whichever is less

15% of \$277,620 equals \$41,643. The Purchasing Agent approved increases totaling \$17,822 well below the 15% cumulative change order limit. Staff is now requesting a one-time “true up” increase in the amount of \$32,285 to cover the \$17,822 already paid, plus the additional 75 Microsoft Office 365 licenses for year three. The total dollar amount of the purchase will be for \$309,905.00 for 575 Microsoft Office365 licenses. This will enable staff to pay the year three annuity payment of \$110,883. The current purchase arrangement will expire in February 2022. Staff will work with Crayon Software Experts LLC on a new arrangement or release another Invitation for Bids (IFB) to see if more competitive pricing is available, whichever is determined to be in the best interest of the City.

Analysis:

Office 365 licenses are required for individual full time and part time employees and volunteers as well as for mailboxes for services and projects and for system service accounts for various applications. Thus, even though the City only has approximately 430 full time employees, over 500 licenses are currently in use. The additional Office 365 licenses are needed to provide every full time or part time employee with one license. Each license can be installed on 5 devices. The license enables access to the Office 365 Suite of applications to allow for communication and sharing of documents to both internal employees and external users. The additional 75 licenses will allow the City to provide licenses to all employees needing license.

Policy Alternative:

Alternative 1: Continue with existing purchase arrangement for Office 365 Licenses.

Pros: Cost savings of \$32,285 and the contract amount remains at \$277,620.

Cons: City will not have enough Microsoft Office 365 licenses for all employees.

Reason not recommended: Some part time employees and volunteers will not be able to collaborate, create documents, and/or use the same email platform.

Fiscal Impact:

Increasing the amount of the purchase from \$277,620 to \$309,905 will allow the City to pay the remaining invoice for the additional licenses already in use. The Information Technology Department operating budget will cover these costs, and no additional funds are requested.

California Environmental Quality Act:

By the definition provided in the CEQA Guidelines Section 15378, this action does not qualify as a “project” for the purpose of CEQA as this action has no potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

Recommendation:

Increase the amount of the original purchase for \$277,620.00 with Crayon Software Experts LLC by \$32,285 to cover cost for additional Microsoft Office 365 licenses for a Total Amount of \$309,905.

Attachments:

Year 3 Invoice